

THIRD IMPLEMENTATION AGREEMENT

Naval Training Center Redevelopment Project

This Third Implementation Agreement (this "Agreement") is entered into by and between the REDEVELOPMENT AGENCY OF THE CITY OF SAN DIEGO ("Agency") and McMILLIN-NTC, LLC, a Delaware limited liability company ("Master Developer") as of July 15, 2003.

For and in consideration of the mutual covenants and conditions set forth herein, the Agency and Master Developer hereby agree as follows:

1. Recitals

a. The Agency and Master Developer have heretofore entered into that certain Disposition and Development Agreement dated as of June 26, 2000, as amended by that certain First Implementation Agreement dated as of May 9, 2002 and that certain Second Implementation Agreement dated as of May 21, 2002 (collectively, the "DDA"), which is incorporated herein by this reference. Any capitalized term contained in this Agreement that is not otherwise defined shall have the meaning attributed to such term in the DDA.

b. The purposes of the DDA include effectuating the Redevelopment Plan for the Naval Training Center Redevelopment Project (the "Redevelopment Project"), adopted by the City Council of the City of San Diego on May 13, 1997 and the Naval Training Center San Diego Reuse Plan (the "Reuse Plan"), adopted by the City Council of the City of San Diego on October 20, 1998, by providing, among other things, for the disposition and development of certain real property defined in the DDA as the "Site" by the Agency to the Master Developer and by the Master Developer to one or more Assignees (subject to the provisions of the DDA), and the development of a mixed-use project on the Site involving the construction and installation of public infrastructure improvements, the rehabilitation and reuse of existing buildings and construction of new buildings and improvements, as well as the development of a public waterfront park and recreation area on property to be owned by the City of San Diego located adjacent to the Site, subject to the adoption of a Precise Plan by the City Council for the NTC Project.

c. On October 3, 2000, the City Council of the City of San Diego approved the NTC Precise Plan.

d. On June 12, 2001, the California Coastal Commission required modifications to the proposed Naval Training Center Local Coastal Program Land Use Plan and Implementation Plan (the "Coastal Commission Modifications"), which modifications were approved as amendments to the Precise Plan and Local Coastal Program by City Council Resolution Number R-295164 and in the suggested modifications as adopted by the City Council on July 17, 2001.

e. Pursuant to the DDA, Agency has heretofore conveyed fee title to Parcels 1, 2, 3 and 4, and leasehold title to Parcel 8 to Master Developer.

f. As a condition to regulatory approval, the City is requiring Master Developer to construct, alter, demolish, install or repair certain public improvements, consisting of improvements to potable water mains identified in the Site Plan attached to this Implementation Agreement as Exhibit "A", improvements to the storm drain system identified in the Site Plan attached to this Implementation Agreement as Exhibit "B" and improvements to the street lighting system identified in the Site Plan attached to this Implementation Agreement as Exhibit "C" (collectively, the "Additional Infrastructure"). The City Council has found that the provision of the Additional Infrastructure is necessary to effectuate the purposes of the Redevelopment Plan.

g. The purpose of this Agreement is to amend the DDA to incorporate the Coastal Commission Modifications; to provide for a mutually acceptable method of financing for the Additional Infrastructure; and to implement the Project by making appropriate changes to other provisions of the DDA, as set forth below.

Now, therefore, the Agency and Master Developer hereby agree that the DDA is amended as follows:

2. Coastal Commission Modifications.

a. The DDA is hereby amended to the extent necessary to incorporate the Coastal Commission Modifications. Any inconsistencies between the DDA and the Coastal Commission Modifications shall be resolved by incorporating the Coastal Commission Modifications.

b. For purposes of the DDA, the date of the "Coastal Commission Approval" shall be September 11, 2001, which is the date on which the Coastal Commission certified the Local Coastal Program.

c. Master Developer agrees to make such adjustments and modifications to the development and use of the Property as may be necessary to implement those Coastal Commission Modifications required by the Coastal Commission on June 12, 2001, as adopted by the City Council on July 17, 2001, without cost to the Agency.

3. Additional Infrastructure.

a. Notwithstanding any contrary provision of the DDA, Master Developer and Agency hereby agree to provide for the construction and installation of the Additional Infrastructure as set forth below in this Section 3. Notwithstanding anything to the contrary contained in this Agreement, Master Developer shall not receive payment or reimbursement from the Agency for the cost of Additional Infrastructure described herein, or for any portion of the cost of such facility or improvement, for which Master Developer has previously received payment from Mello-Roos special taxes or bond proceeds in accordance with the Purchase and Finance Agreement on file in the office of the San Diego City Clerk as Document No. RR-296472. Provided, however, that if Master Developer has costs for any Additional Infrastructure described herein, for which the Agency has agreed to reimburse Master Developer and the Additional Infrastructure is located within a facility to be reimbursed with special tax or bond proceeds, Master Developer shall be reimbursed for the Additional Infrastructure only.

b. Subject to this Section 3, Master Developer shall be responsible for designing, constructing and installing the Additional Infrastructure in the locations shown respectively in Exhibit "A" (Water Mains), Exhibit "B" (Storm Drain System Improvements) and Exhibit "C" (Street Lighting). Master Developer shall cause the Additional Infrastructure construction work to be performed under separate contract(s) that exclude any work except the Additional Infrastructure. All construction for the Additional Infrastructure shall be accomplished pursuant to the terms and conditions of the Subdivision Improvement Agreements signed or to be signed by Master Developer and the City of San Diego in connection with the recordation of Final Maps. Identifiable components of the Additional Infrastructure shall be deemed complete at such times as such components are finally inspected and accepted by the City. Agency acknowledges that some or all of the Additional Infrastructure work has been performed prior to the date of this Agreement.

c. The Agency and Master Developer acknowledge that the Additional Infrastructure work is work that is "paid for in whole

or in part out of public funds" and is subject to the prevailing wage requirements of Labor Code Section 1720.

d. Master Developer's Indemnification set forth in paragraph a. of Section 6.7 of the DDA shall apply to the Additional Infrastructure.

e. Except to the extent of the "Agency Obligation" described in this Section 3, the cost of planning, constructing and installing the Additional Infrastructure (the "Additional Infrastructure Costs") shall be the responsibility of Master Developer.

f. Master Developer shall pay when due the full amount needed to pay all Additional Infrastructure Costs. For purposes of this Agreement, Additional Infrastructure Costs shall include all actual design and construction costs. The term "actual design and construction costs" shall mean and include the following:

- (1) Indirect Costs. Indirect costs include, but shall not be limited to the following: any costs actually incurred by Master Developer for environmental review; engineering; design; soils testing; bonds; insurance premiums; preparing plans and specifications and bid documents; and soliciting and reviewing bids for the construction of the Additional Infrastructure; and awarding and administering all contracts relating to the Additional Infrastructure (including construction supervision by Master Developer; construction staking; and City's Project administration and all inspection costs (excluding building department but including all special inspections).
- (2) Direct Costs. Direct Costs shall include, but are not limited to, the following: all costs of labor; materials; equipment; and installation and construction of the Additional Infrastructure.
- (3) Master Developer's Overhead, equal to ten percent (10%) of Direct and Indirect Costs; and Master Developer's Preferred Return, equal to ten percent (10%) of Direct and Indirect Costs.

g. Within ninety (90) days following completion of construction of identifiable components of the Additional

Infrastructure, or sooner if reasonably possible, Master Developer shall prepare and submit to the Agency a certified statement of the Additional Infrastructure Costs relating to such components (the "Cost Certifications"). In connection with the Cost Certifications, the following shall apply:

- (1) Direct Cost shall be evidenced by copies of contracts, including change orders, together with invoices, lien releases and checks indicating payments to contractors;
- (2) Indirect Cost shall be determined by the multiplication of a factor to the Direct Cost, as follows:
 - (A) Design - 15%;
 - (B) Plan Check & Inspection - 8%;
 - (C) Construction Staking - 5%;
 - (D) Contract Administration - 2%; and
 - (E) Construction Supervision - 5%.
- (3) Master Developer's Overhead shall be equal to ten percent (10%) of Direct and Indirect Costs; and Master Developer's Preferred Return shall be equal to ten percent (10%) of Direct and Indirect Costs.

h. Master Developer shall keep an accurate record of the actual cost of the Additional Infrastructure in accordance with generally accepted accounting procedures. Master Developer shall allow the City and Agency's authorized representatives to examine and provide copies of any records relevant to the verification and support of the actual cost of constructing the Additional Infrastructure as claimed in the Cost Certification, including, without limitation, all contract bids and invoices, payrolls, disbursement journals, general ledgers and canceled checks. Any changes that occur during the course of construction shall be properly documented. Backup documentation shall be kept by Master Developer for three (3) years after their completion of the Additional Infrastructure and be provided to City or Agency, upon request, for its review. For three (3) years following completion of construction of the Additional Infrastructure, the Agency shall have the right to audit the Additional Infrastructure. Such audit shall be performed by the City Auditor or an outside Certified Public Accountant or firm of Certified Public Accountants selected by Agency, at Agency's cost. In the event the Agency's audit determines that the Cost Certification overstated Additional

Infrastructure Costs, Master Developer shall be liable to the Agency for and shall promptly pay to the Agency: (1) restitution of any payments that were made by the Agency over and above the actual amounts that should have been paid pursuant to paragraph h. of this Section 3 (the "Overage"); and (2) if the deficiency exceeds two percent (2%) of the actual amounts that should have been paid pursuant to paragraph h. of this Section 3, payment of the following: (A) interest on the Overage from the date of payment by the Agency until restitution is made, at the rate of interest specified in paragraph k.(2) of this Section 3, plus (B) the cost of the audit.

i. In consideration of the performance of Master Developer's obligations hereunder and subject to the terms and conditions of this Implementation Agreement, the Agency shall pay or reimburse Master Developer for the Additional Infrastructure Work, in the amount equal to the lesser of the following (the "Agency Obligation"): (1) the actual Additional Infrastructure Costs; or (2) the sum of EIGHT MILLION FIVE HUNDRED THOUSAND DOLLARS (\$8,500,000).

j. To the extent the Additional Infrastructure Work is performed before the date described in subparagraph (3) of this paragraph j., below, Master Developer shall advance the funds needed to pay all Additional Infrastructure Costs, in which case the Agency Obligation shall be treated as a loan by Master Developer to Agency (the "McMillin Loan"), subject to the terms and conditions further set forth in this paragraph j.

- (1) The principal amount of the McMillin Loan shall be equal to the lesser of the following: (A) the actual Additional Infrastructure Costs; or (B) the sum of EIGHT MILLION FIVE HUNDRED THOUSAND DOLLARS (\$8,500,000).
- (2) The amounts disbursed or costs otherwise incurred by Master Developer to pay for Additional Infrastructure Costs that are to be treated as the McMillin Loan (not to exceed the maximum amount of the Agency Obligation) shall bear interest, until paid by Agency, at a rate of interest equal to the actual rate of interest, and loan fees (including, without limitation, "points", origination fees, legal fees, lender administration fees and processing fees actually charged by the lender), if any, payable by Master Developer to Indymac Bank,

F.S.B. dba Construction Lending Corporation of America ("Lender") in connection with a \$25,000,000 development loan made by Lender to Master Developer to finance development costs of Horizontal Improvements, determined in accordance with the form of promissory note attached to this Agreement as Exhibit "D", not to exceed the maximum interest rate permitted by California Government Code Section 53531, as amended from time-to-time. The Interest Commencement Date shall be the later to occur of: (A) the date of payment of the Additional Infrastructure Cost by Master Developer; or (B) the date that this Implementation Agreement is executed by Master Developer and approved by the governing body of the Redevelopment Agency, whichever is later. Except for the principal amount of the McMillin Loan (not to exceed the Agency Obligation), plus interest as provided in this paragraph, Agency shall not be liable to Master Developer for any financing fees, costs or charges of any kind.

- (3) Unless paid sooner, principal and interest on the McMillin Loan shall be due and payable on December 31, 2005 (the "Maturity Date"). Provided, however, that if, despite its demonstrated best efforts, Agency is unable to issue long-term, investment-grade Naval Training Center Redevelopment Project Tax Allocation Bonds (the "Agency Bonds") in an amount sufficient to repay the McMillin Loan, on terms and conditions that are reasonably acceptable to the Agency, the Maturity Date shall be extended to December 31, 2006, without any other modifications to the terms of this Section 3. As soon as practicable, Agency shall use its reasonable best efforts to structure and issue the Agency Bonds upon terms and conditions (including the rate of interest to be paid) that are reasonably acceptable to Agency, to provide funds to pay in full the principal of and accrued interest on the McMillin Loan. Master Developer acknowledges and agrees that the governing body of the Agency reserves the decision, in its sole discretion, whether to issue the Agency Bonds, and reserves the right to determine what type of Agency Bonds to issue, the principal amount, the terms,

and all other conditions relating to the Agency Bonds. The Agency and Master Developer acknowledge that state legislation is pending that may affect the ability of the Agency to issue the Agency Bonds in an amount sufficient to repay the McMillin Loan within the time provided in this Agreement. In the event, as the result of such legislation, the Agency is unable to issue the Agency Bonds in an amount sufficient to repay the McMillin Loan prior to December 31, 2006 despite its best efforts to do so, then the Agency and Master Developer shall meet and confer in good faith concerning revisions to the terms of repayment of the McMillin Loan without diminishing or otherwise reducing the rights, duties and obligations of the parties.

- (4) Master Developer does not intend to contract for, charge or receive any interest or other charge which is usurious, and by execution of this Agreement, Agency acknowledges that Master Developer has no such intent. All agreements between Agency and Master Developer, whether now existing or hereafter arising and whether written or oral, are hereby expressly limited so that in no contingency or event whatsoever shall the amount paid or reimbursed, or agreed to be paid or reimbursed, to Master Developer hereunder on account of moneys advanced by Master Developer or otherwise, or on account of advances for the payment or performance of any covenant or obligation contained herein or in any other document evidencing, securing or pertaining to the payment and reimbursement obligations and/or other obligations evidenced hereby, exceed the maximum amount permissible under applicable law. If from any circumstance whatsoever fulfillment of any provision hereof or other documents, at the time performance of such provision shall be due, shall involve exceeding the limit of validity prescribed by law, then, ipso facto, the obligations to be fulfilled shall be reduced to the limit of such validity, and if from any such circumstance Master Developer shall ever receive as interest or otherwise an amount which would exceed the highest lawful rate, such amount which would be excessive interest shall be applied to the reduction of the

payment and/or reimbursement obligations owing hereunder or on account of any other payment and/or reimbursement obligations or monetary obligations of Agency to Master Developer and not to the payment of interest, or if such excessive interest exceeds the unpaid balance of payment and/or reimbursement obligations hereunder and such other monetary obligations, such excess shall be refunded to Agency. All sums paid or agreed to be paid to Master Developer as interest on the unpaid Agency Obligation balance shall, to the extent permitted by applicable law, be amortized, prorated, allocated and spread throughout a term of years until payment in full so that the actual rate of interest on account of such advances is uniform throughout the term hereof. The terms and provisions of this paragraph (4) shall control and supersede every other provision of all agreements between Master Developer and the Agency.

- (5) Until paid in full, the McMillin Loan shall be and is hereby secured by a grant of a pledge of and first lien upon the following (the "Pledged Revenues"):

(A) Agency's Share of Cash Available for Distribution pursuant to the Participation Agreement (the "Agency's Share of Revenue"); and

(B) all taxes that are allocated to the Agency from the Naval Training Center Redevelopment Project pursuant to California Health and Safety Code Section 33670 (the "Tax Increment Revenues"), net of the following:

- (1) Tax Increment Revenues required by law to be set aside and deposited into the Agency's Low and Moderate Income Housing Fund;
- (2) payments of Tax Increment Revenues required by California Health and Safety Code Section 33607.5 to be paid to affected taxing entities; and

- (3) any amounts which the Agency may be required to pay to an educational revenue augmentation fund under Health and Safety Code Section 33680 et seq. or similar statutory obligation to pay others from property taxes otherwise allocated to the Agency.
- (6) Until the McMillin Loan is paid in full, the Pledged Revenues (described in the preceding paragraph) shall be allocated and, when received by Agency, paid in their entirety (except for the exceptions set forth in clauses (A) and (B) of this paragraph (6), below) to Master Developer, each fiscal year until the McMillin Loan is paid in full, to be applied first against interest accrued on the McMillin Loan and then to reduce the principal balance. After the McMillin Loan is paid in full, the exceptions set forth in clauses (A) and (B) of this paragraph (6), below shall no longer apply. The component of Pledged Revenues consisting of Tax Increment Revenues shall be net of the payments that are described in clauses (1), (2) and (3) of paragraph k.(5)(B), above, and shall also be net of the following payments, which the Agency shall have the right to make so long as Agency is not in default of its obligations hereunder, and which shall be subordinate to Agency's obligation to repay the McMillin Loan:
- (A) except to the extent paid to the Agency by the Master Developer pursuant to Section 4.3 of the DDA, an annual amount of \$250,000 to be used by Agency to pay Agency Administrative Costs (as defined in Section 4.3 of the DDA), which annual amount shall be increased annually by the increase, if any, in the Consumer Price Index; and
- (B) an annual amount not to exceed \$400,000, for a maximum of two (2) years, for a combined total maximum amount of \$800,000, to be used by the Agency to make interest-only debt service payments to the United States Department of Housing and Urban Development ("HUD") in respect of a loan to be made by HUD to the

Agency under HUD's "Section 108" Program (the "HUD Section 108 Loan"), the net proceeds of which loan shall be used to finance improvements to facilities in the Civic, Arts and Cultural Center of the NTC Redevelopment Project Area, such annual interest-only debt service payments anticipated to commence no sooner than the 4th quarter of 2003, subject to reduction to the extent the City of San Diego obtains a Federal Brownfields Environmental Development Initiatives ("BEDI") grant from HUD, the proceeds of which may be used for payment of debt service on the HUD Section 108 Loan.

- (7) Except for the Pledged Revenues, no funds or assets of the Agency shall be pledged to, or otherwise liable for, the satisfaction of the McMillin Loan under this Agreement. Nothing contained herein shall prevent the Agency from refinancing the McMillin Loan or making any payment to Master Developer from any other funds or assets of the Agency which may be legally used for such purpose. Master Developer agrees to subordinate its rights to the Pledged Revenues to the extent necessary for the Agency to issue the Agency Bonds or obtain other financing in order to repay in full the McMillin Loan.
- (8) The McMillin Loan shall constitute an indebtedness of the Agency incurred in carrying out the Naval Training Center Redevelopment Project and secured by a pledge of Pledged Revenues to repay such indebtedness under the provision of Article XVI, Section 16 of the California Constitution and Sections 33670-33677 of the California Health and Safety Code.

4. High Tech High

a. Master Developer is proposing to convey a portion of Parcel 4 to the Gary and Jerri-Ann Jacobs High Tech High Charter School ("HTH"), for creation of a cohesive and open campus setting for its public charter school in Buildings 36, 37, 49, 51 and the site of demolished Building 383 (the "HTH Property"). The renovation of Building 49 to house 38,500 square feet of

classrooms, labs, administrative offices and other educational spaces for HTH's high school was completed in September 2001. HTH proposes to develop its campus in three phases:

- (1) "HTH Phase One Improvements" consisting of the demolition of Building 383 (completed prior to the date of this Implementation Agreement) and renovation of Building 37, consisting of approximately 5,000 square feet of educational facilities;
- (2) "HTH Phase Two Improvements" consisting of the renovation of either Building 36 consisting of approximately 27,000 square feet of educational facilities, administrative offices and other administrative spaces, or the renovation of Building 51 to include approximately 10,000 square feet of exhibition/multi-purpose space and 14,000 square feet of classrooms and administrative offices; and
- (3) "HTH Phase Three Improvements" shall mean the renovation of the remaining Building (either Building 36 or Building 51) that was not previously renovated as part of the HTH Phase Two Improvements, above.

b. Subject to the satisfaction of all Phase Four Conditions Precedent applicable to the proposed conveyance to HTH, as modified by the provisions set forth in this Section, below, Agency and Master Developer hereby agree, notwithstanding any provision to the contrary contained in the DDA, that Master Developer shall have the right to sell the HTH Property to HTH, even though HTH intends to develop the HTH Property in three phases, as described in paragraph a., above.

c. HTH shall satisfy the following components of the definition of the term "Phase Four Conditions Precedent" set forth in Section 1.2 of the DDA, prior to the conveyance of the HTH Property to HTH:

- (1) Condition a. (Satisfaction of Phase Three Conditions);
- (2) Condition b. (Approval of Assignee);

- (3) Condition c. (Assignee Formation Documents);
- (4) Condition d. (Related Improvements);
- (5) Condition j. (Insurance Policies);
- (6) Condition k. (Documents); and
- (7) Condition m. (Title Insurance).

d. HTH shall satisfy the following components of the definition of the term "Phase Four Conditions Precedent" set forth in Section 1.2 of the DDA separately, as to each HTH Phase, within the respective times set forth in the schedule set forth in paragraph e., below:

- (1) Condition e. (Drawings or Plans);
- (2) Condition f. (Entitlements and Permits);
- (3) Condition g. (Payment and Performance Bonds);
- (4) Condition h. (Evidence of Financing);
- (5) Condition i. (Approval of Evidence of Financing);
and
- (6) Condition l. (Commitment to Commence Improvements).

e. To the extent it is applicable to the development of the HTH Property, Section 4 of the Schedule of Performance (Educational Core - Map Area 4) is hereby amended as follows:

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| <p>(1) Master Developer or HTH
(as proposed Assignee)
shall satisfy the
Components of the
definition of "Phase Four
Conditions Precedent" set
forth in paragraph 9.c.
of this Third
Implementation Agreement:
a. Satisfaction of
Phase Three
Conditions;</p> | <p>Not later than May 31, 2003.</p> |
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- b. Approval of Assignee;
 - c. Assignee Formation Documents;
 - d. Related Improvements;
 - j. Insurance Policies; Documents; and
 - m. Title Insurance.
- (2) HTH to satisfy the Components of the definition of "Phase Four Conditions Precedent" for HTH Phase One set forth in paragraph 9.d. of this Third Implementation Agreement:
- e. Drawings or Plans;
 - f. Entitlements and Permits;
 - g. Payment and Performance Bonds;
 - i. Approval of Evidence of Financing; and
 - l. Commitment to Commence Improvements.
- (3) HTH to commence HTH Phase One Improvements.
- (4) HTH to complete HTH Phase One Improvements.
- (5) HTH to satisfy the Components of the definition of "Phase Four Conditions Precedent" for HTH Phase Two set forth in paragraph 9.d. of this Third Implementation Agreement:
- e. Drawings or Plans;
 - f. Entitlements and Permits;
- Not later than May 31, 2003.
- Not later than June 30, 2003.
- Not later than nine (9) months after commencement.
- Not later than December 1, 2003.

- g. Payment and Performance Bonds;
- i. Approval of Evidence of Financing; and
- l. Commitment to Commence Improvements.

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| (6) HTH to commence HTH Phase Two Improvements. | Not later than January 31, 2004. |
| (7) HTH to complete HTH Phase Two Improvements. | Not later than twelve (12) months after commencement. |
| (8) HTH to satisfy the components of the definition of "Phase Four Conditions Precedent" for Phase Three Set forth in 9d. of this Third Implementation Agreement. | Not later than December 1, 2004. |
| (9) HTH to commence HTH Phase Three Improvements. | Not later than January 31, 2005. |
| (10) HTH to complete HTH Phase Three Improvements. | Not later than twelve (12) months after commencement. |

f. Master Developer shall include in its grant deed to HTH or other appropriate instrument to be recorded concurrently with the conveyance of the HTH Property a right of reverter or right of repurchase, entitling Master Developer to a reconveyance of any legally subdivided portion or phase of the HTH Property with respect to which HTH fails to commence or complete the HTH Phase One, Phase Two or Phase Three Improvements within the respective dates set forth in the schedule in paragraph e., above. Agency shall have the right to direct Master Developer to exercise such rights if HTH fails to commence or complete the HTH Phase One, Phase Two or Phase Three Improvements within the respective dates set forth in the schedule in paragraph e., above, with respect to such portion or phase of the project for which such conditions have not been satisfied. Upon repurchase of such portion or phase of the HTH Property, Master Developer shall be bound by the provisions of the DDA as it pertains to such portion or phase of the HTH Property, without the amendments set forth in this Section 9.

5. Schedule of Outside Performance Dates

The Schedule of Outside Performance Dates is hereby amended to extend the following times of performance relating to Map Area 5:

5. Mixed Use and Civic, Arts and Cultural Center of the Historic Core (Map Area 5)

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| A. | Record Final Map and satisfy all other Phase Three and Phase Three (Foundation) Conditions Precedent, as the case may be. | Not later than 30 months after Precise Plan Approval. |
| B. | Complete all Horizontal Improvements (Map 5). | Not later than 18 months after recordation of Final Map. |
| C. | Submit to the Agency a proposed method of financing for the Map Area 5 Mixed Use Vertical Improvements (as described in Section 4.1.b). | Not later than 2 months prior to the outside date for satisfaction of Phase Four Conditions. |
| D. | Satisfy all Phase Four Conditions Precedent (for Mixed Use Area) and start all Vertical Improvements (Map Area 5). Note: at least 50% of the following square footage, shall be allocated to Civic, Arts and Cultural Center uses. | <p>On the following schedule:</p> <p>33,751 square feet of Improvements
- Not later than 12 months after recordation of the Final Map.</p> <p>An additional 27,808 (for a total of 51,559) square feet of Improvements
- Not later than 24 months after recordation of the Final Map.</p> |

An additional 74,722 (for a total of 136,281) square feet of Improvements
- Not later than 36 months after recordation of the Final Map.

An additional 89,135 (for a total of 225,416) square feet of Improvements
- Not later than 48 months after recordation of the Final Map.

An additional 51,168 (for a total of 276,584) square feet of Improvements
- Not later than 60 months after recordation of the Final Map.

E. Complete Vertical Improvements (Map Area 5).
Note: at least 50% of the following square footage shall be allocated to Civic, Arts and Cultural Center Uses.

33,751 square feet of Improvements
- Not later than 24 months after recordation of the Final Map.

An additional 27,808 (for a total of 51,559) square feet of Improvements
- Not later than 36 months after recordation of the Final Map.

An additional 74,722 (for a total of 136,281) square feet of Improvements
- Not later than 48 months after recordation of the Final Map.

An additional 89,135 (for a total of 225,416) square feet of Improvements
- Not later than 60 months after recordation of the Final Map.

An additional 51,168 (for a total of 276,584) square feet of Improvements
- Not later than 72 months after recordation of the Final Map.

9. Golf Course (Map Area 5)

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| A. | Record Final Map and satisfy all other Phase Three Conditions Precedent (Golf Course). | Not later than 30 months after Precise Plan Approval. |
| B. | Complete all Horizontal Improvements (Golf Course). | Not later than 18 months after recordation of the Final Map. |
| C. | Submit to the Agency a proposed method of financing for the Golf Course Vertical Improvements (as described in Section 4.1.b). | Not later than 2 months prior the outside dates for satisfying Phase Four Conditions Precedent. |
| D. | Satisfy all Phase Four Conditions Precedent and start all Vertical Improvements (Golf Course). | Not later than 24 months after recordation of the Final Map. |

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| E. | Complete all Vertical Improvements (Golf Course). | Not later than 48 months after recordation of the Final Map. |
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10. Parking Parcel (Map 5 adjacent to Truxton)
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| A. | Record Final Map and satisfy all other Phase Three Conditions Precedent (Parking-Truxton). | Not later than 30 months after Precise Plan Approval. |
| B. | Complete all Horizontal Improvements (Parking-Truxton). | Not later than 18 months after recordation of the Final Map. |
| C. | Submit to the Agency a proposed method of financing for the Parking - Truxton Vertical Improvements (as described in Section 4.1.b). | Not later than 2 months prior the outside dates for satisfying Phase Four Conditions Precedent. |
| D. | Satisfy all Phase Four Conditions Precedent and start all Vertical Improvements (Parking-Truxton). | Surface Parking - Not later than 18 months after recordation of the Final Map;
Structure parking - Not later than 48 months after recordation of the Final Map. |
| E. | Complete all Vertical Improvements (Parking-Truxton). | Surface Parking - Not later than 30 months after recordation of the Final Map;
Structure parking - Not later than 60 months after recordation of the Final Map. |
11. Hotel Parcel (Map Area 8)
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| D. | Satisfy all Phase Four Conditions Precedent and start all Vertical | Not later than 68 months after recordation of the Final Map. |
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Improvements (Map Area 8).

- E. Complete all Vertical Improvements (Map Area 8) Not later than 92 months after recordation of the Final Map.

6. Miscellaneous Amendments

a. Interim Use of Map Area 8.

- (1) The parties acknowledge that upon the satisfaction of the Phase Three Conditions Precedent applicable to Map Area 8 (also referred to as "Unit 8"), Map Area 8 has been leased by Agency to Master Developer, and Master Developer is in the process of completing the Horizontal Improvements necessary for the development of a hotel on Map Area 8 as required by the DDA.
- (2) The parties agree that until the earlier to occur of (i) the conveyance a sublease for Map Area 8 by Master Developer to a hotel developer pursuant to paragraph j. of Section 1.8 of the DDA, and (ii) the outside performance date for satisfaction of all Phase Four Conditions Precedent applicable to Map Area 8 set forth in paragraph 8.D. of the Schedule of Outside Performance Dates (Attachment No. 3 to the DDA), Master Developer shall have the right, at no cost or expense to Agency, to use Map Area 8, on an interim basis, for public parking.
- (3) Master Developer shall submit to the Agency Executive Director or designee, for prior written approval, any parking management agreement proposed for Map Area 8.
- (4) All costs incurred in connection with such interim use shall be included in "Development Costs" and all revenues derived from such interim use shall be included in "Gross Revenues" as defined in the Participation Agreement, except, notwithstanding the Participation Agreement, for purposes of calculating the Cash Available for Distribution relating to the interim use of Map Area 8,

the "Developer Fee" and "Preferred Return" shall mean total compensation paid to Master Developer equal to ten percent (10%) of Gross Revenues.

b. Permitted Mortgage. The definition of the term "Permitted Mortgage" set forth in Section 1.2 of the DDA is hereby amended to replace the reference to "Section 4.3 of this Agreement" with "Section 4.4 of this Agreement."

c. Development Costs. The definition of the term "Development Costs" in Section 1.2 of the DDA is hereby amended in its entirety to read as follows:

"Development Costs" means costs incurred for the acquisition and/or development of one or more Parcels, to the extent set forth in the approved Project Budget, which shall be subject to adjustment as provided in this Agreement.

e. Limit to Effectiveness of DDA. Notwithstanding anything to the contrary contained in the DDA or any exhibit or attachment thereto, each Grant Deed and Ground Lease shall contain the statement set forth in paragraph e. of Section 6.15 of the DDA.

f. To the extent that any of the forms of documents attached to the DDA refer to the DDA, such references shall mean the DDA as amended to date and as further amended by this Implementation Agreement.

g. The exhibits and attachments to the DDA are hereby amended to the extent necessary to conform to the provisions of this Implementation Agreement. The Agency Executive Director or designee is hereby authorized to make such changes to the forms of documents attached to this DDA as may be necessary to conform to the provisions of this Implementation Agreement.

7. Actions to Effectuate this Agreement

The parties agree to execute such other instruments, agreements and amendments to documents as may be necessary or appropriate to effectuate the DDA, as amended to date and as further amended by this Implementation Agreement.

8. DDA to Remain in Effect

Except as expressly provided otherwise in this Implementation Agreement, the DDA, as amended to date, remains in full force and effect, enforceable in accordance with its terms.

9. Counterparts; Date of Agreement

a. This Implementation Agreement is executed in five (5) duplicate originals, each of which is deemed to be an original, and may be signed in counterparts.

b. This Implementation Agreement shall not be effective until it has been mutually executed by Master Developer and Agency. Upon such mutual execution, the date of this Implementation Agreement for reference purposes shall be the date first set forth above.


10. Time for Acceptance of Agreement

This Implementation Agreement, when executed by Master Developer and delivered to the Agency, will be considered and may be approved by the governing body of the Agency at a public meeting. Unless this Agreement is approved by the governing body of the Agency and executed and delivered by the Agency Executive Director or designee within thirty (30) days after delivery to the Agency, this Agreement may be terminated by Master Developer upon written notice to the Agency.

[SIGNATURES APPEAR ON NEXT PAGE]

IN WITNESS WHEREOF, the Agency and Master Developer have executed this Agreement.

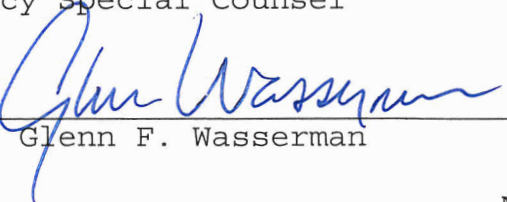
REDEVELOPMENT AGENCY OF THE
CITY OF SAN DIEGO

By: 
Hank Cunningham
Assistant Executive Director

APPROVED AS TO FORM AND LEGALITY
Casey Gwinn
Agency General Counsel

By: 
Elisa Cusato

KANE, BALLMER & BERKMAN
Agency Special Counsel

By: 
Glenn F. Wasserman

McMILLIN-NTC, LLC

By: McMillin Companies, LLC, a
Delaware limited liability
company, its managing member

By: 

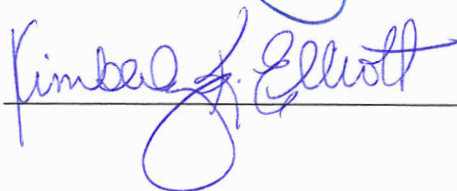
By: 

EXHIBIT "A" TO THIRD IMPLEMENTATION AGREEMENT

SITE PLAN SHOWING ADDITIONAL
POTABLE WATER MAIN PUBLIC IMPROVEMENTS

[BEHIND THIS PAGE]

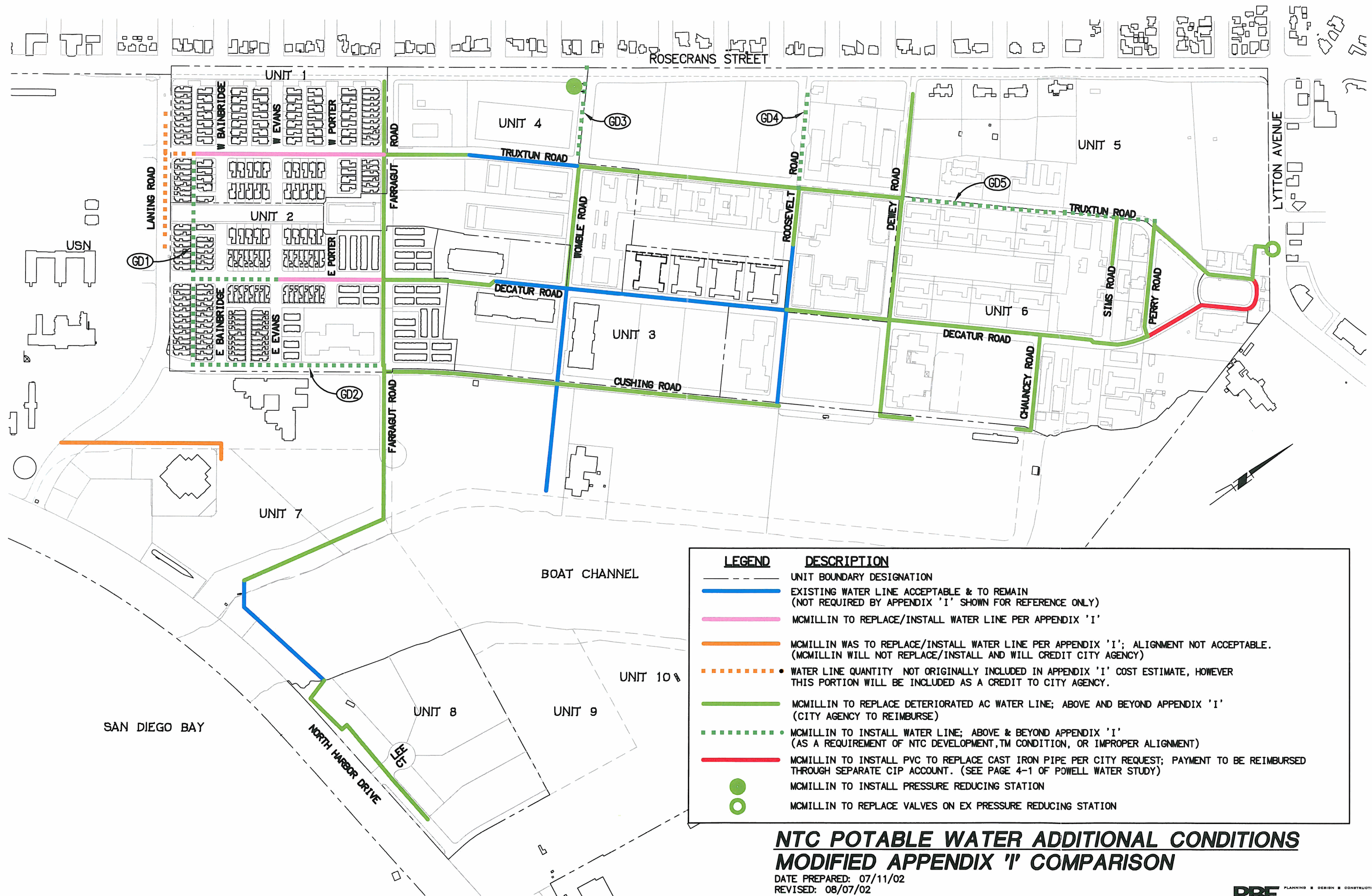
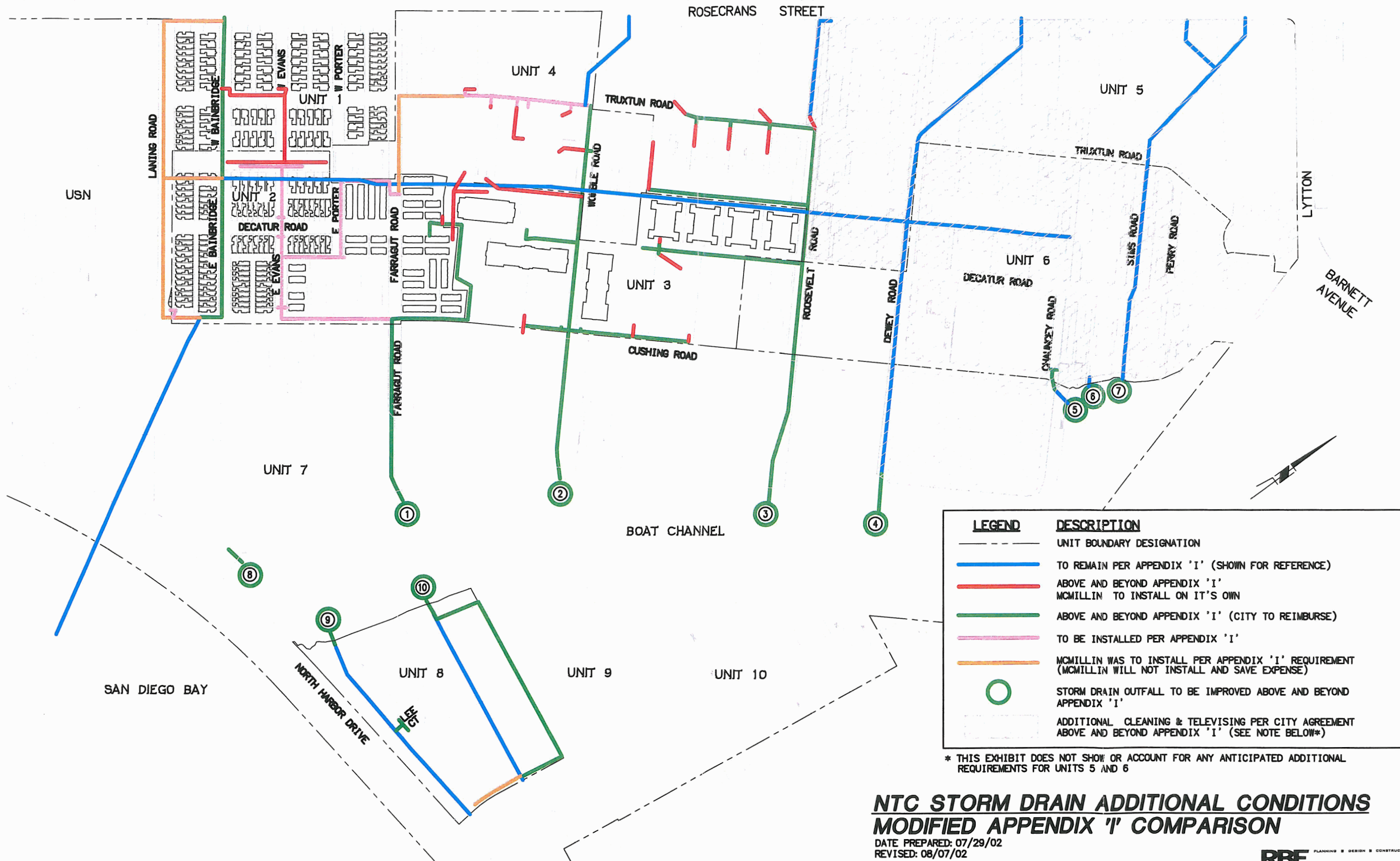


EXHIBIT "B" TO THIRD IMPLEMENTATION AGREEMENT

SITE PLAN SHOWING ADDITIONAL
STORM DRAIN SYSTEM PUBLIC IMPROVEMENTS

[BEHIND THIS PAGE]



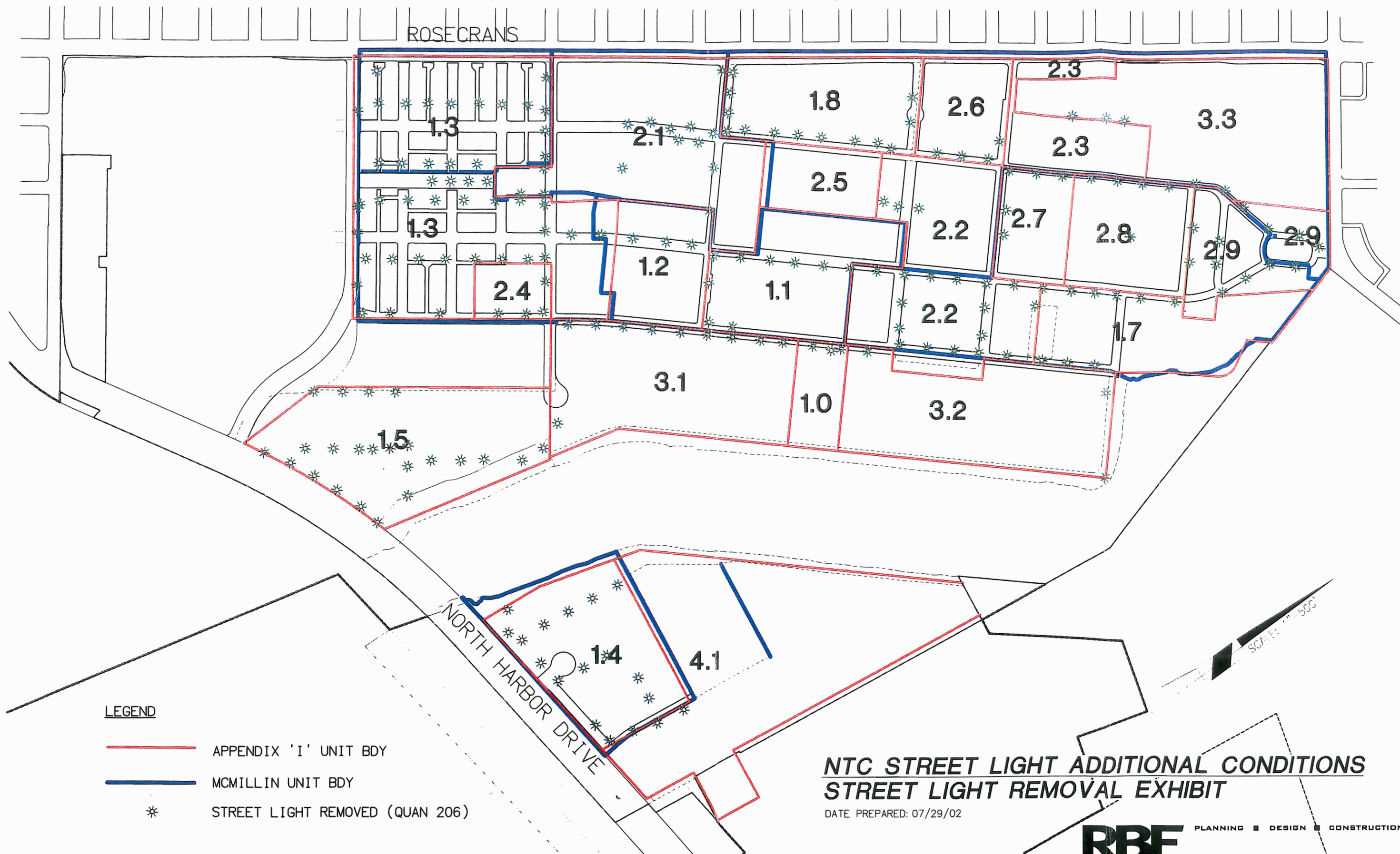
NTC STORM DRAIN ADDITIONAL CONDITIONS MODIFIED APPENDIX 'I' COMPARISON

DATE PREPARED: 07/29/02
REVISED: 08/07/02

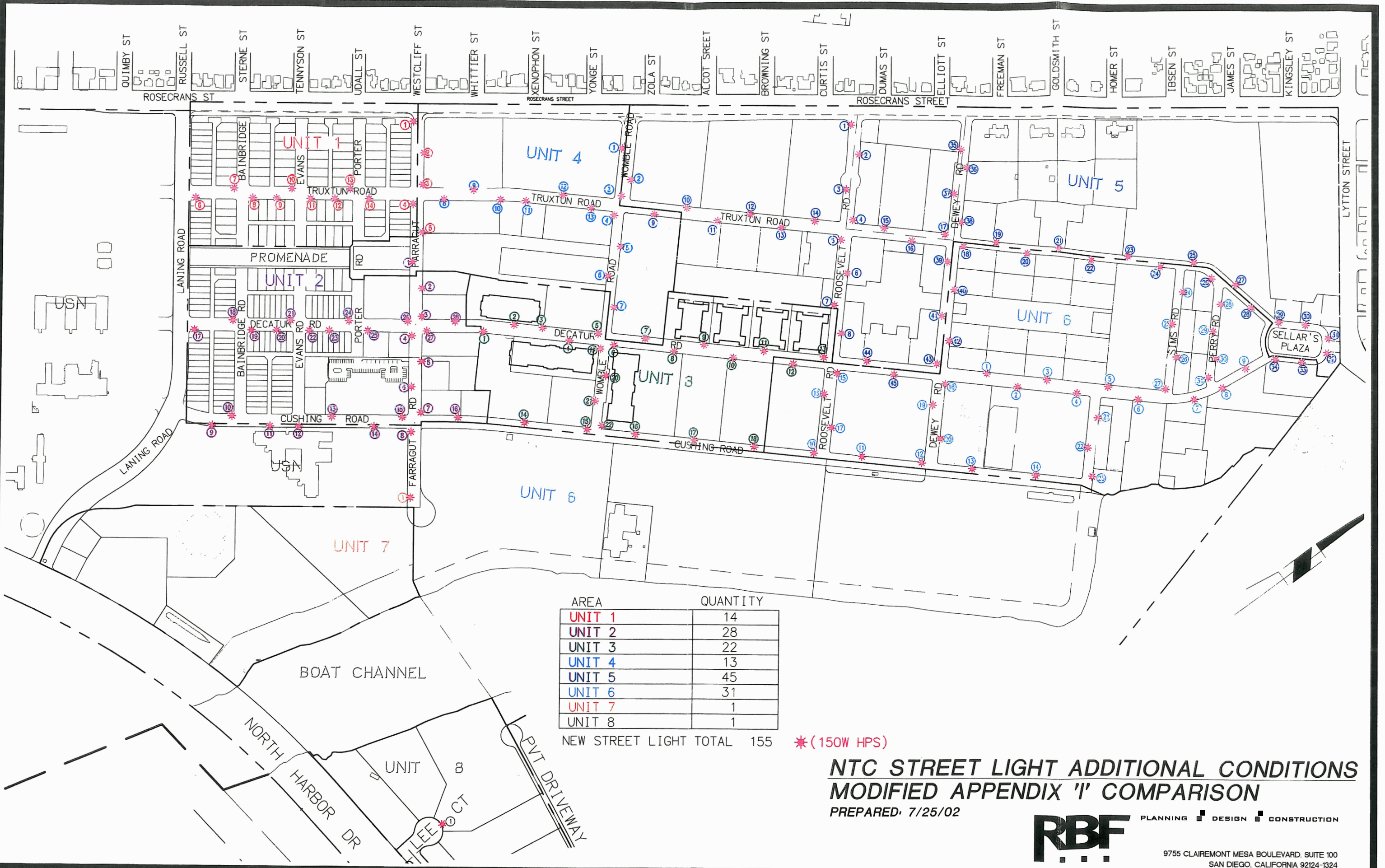
EXHIBIT "C" TO THIRD IMPLEMENTATION AGREEMENT

SITE PLAN SHOWING ADDITIONAL
STREET LIGHT PUBLIC IMPROVEMENTS

[BEHIND THIS PAGE]



H:\PD\25100412\DWG\EXHIBITS\APPENDIX-I\412EX-AI-STLT.DWG 08/07/10 03 am



AREA	QUANTITY
UNIT 1	14
UNIT 2	28
UNIT 3	22
UNIT 4	13
UNIT 5	45
UNIT 6	31
UNIT 7	1
UNIT 8	1
NEW STREET LIGHT TOTAL 155	

*(150W HPS)

NTC STREET LIGHT ADDITIONAL CONDITIONS MODIFIED APPENDIX 'I' COMPARISON

PREPARED: 7/25/02

RBF
CONSULTING

PLANNING ■ DESIGN ■ CONSTRUCTION

9755 CLAIREMONT MESA BOULEVARD, SUITE 100
SAN DIEGO, CALIFORNIA 92124-1324
858.614.5000 ■ FAX 858.614.5001 ■ www.RBF.com

EXHIBIT "D" TO THIRD IMPLEMENTATION AGREEMENT

FORM OF PROMISSORY NOTE
TO BE USED FOR PURPOSES OF CALCULATING INTEREST

[BEHIND THIS PAGE]

Loan No. 52-2580000

PROMISSORY NOTE

\$25,000,000.00

San Diego, California

March 13, 2002

THIS NOTE PROVIDES FOR INTEREST AT A FLUCTUATING RATE PER ANNUM BASED ON THE PRIME RATE (PLUS ANY APPLICABLE SPREAD OVER THE PRIME RATE INDICATED BELOW) ON THE TERMS AND CONDITIONS SET FORTH BELOW.

This Note is executed pursuant to the Loan Agreement dated as of the date of this Note between **McMILLIN-NTC LLC, a Delaware Limited Liability Company** (the "Borrower") and **INDYMAC BANK, F.S.B. dba Construction Lending Corporation of America** (the "Lender") (such Loan Agreement, as it may from time to time be supplemented, modified and amended, being referred to in this Note as the "Agreement").

1. FOR VALUE RECEIVED, the Borrower promises to pay to the Lender, or order, at the Lender's office located at 155 North Lake Avenue, Pasadena, California 91101, Attention: Construction Lending Division (or such other location specified by the Lender from time to time in writing), the lesser of (a) TWENTY FIVE MILLION AND NO/100 Dollars (\$25,000,000.00), or (b) the unpaid principal amount of all Disbursements (as defined in the Agreement) made by the Lender to the Borrower under the Agreement, in each case together with interest as provided in § 3 below.

2. If not sooner paid, the principal of this Note shall be payable on **April 1, 2004** (the "Maturity Date"). Accrued interest shall be payable on the first day of each calendar month, on the Maturity Date and on the date of final payment of the principal of this Note in full, except that any interest which accrues after the Maturity Date or the acceleration of the maturity of this Note shall be payable immediately and without demand.

3. (a) The unpaid principal of this Note outstanding from time to time shall bear interest at a fluctuating rate per annum (computed on the basis of a year of 360 days) equal at all times to the Prime Rate plus **0.50%** per annum, with each change in such rate taking effect simultaneously with the corresponding change in the Prime Rate (such fluctuating rate of interest being referred to in this Note as the "Base Rate").

(b) Accrued interest not paid when due shall, from and after the date when due until the date such interest is paid, bear interest at the Alternate Rate.

(c) Accrued interest not paid to Lender on or before the **twentieth (20th)** calendar day of each month in which it becomes due, Borrower shall pay, at Lender's option, a late or collection charge equal to five percent (5.00%) of the amount of such unpaid interest payment.

(d) Notwithstanding § 3(a), any principal of this Note not paid when due (whether at the stated maturity, by acceleration or otherwise) shall, from and after the date when due until the date such principal is paid, bear interest at the Alternate Rate.

(e) As used in this Note:

"Alternate Rate" means a fluctuating rate per annum (computed on the basis of a year of 360 days) equal at all times to the Base Rate plus 3.00% per annum, with each change in such rate taking effect simultaneously with the corresponding change in the Base Rate.

"Prime Rate" means the prime rate as published in the "Money Rates" section of The Wall Street Journal with changes thereon to be effective as of the day of such change. The foregoing notwithstanding, if The Wall Street Journal ceases to publish the "Money Rates" section or if there is a suspension of publication of The Wall Street Journal, then an alternative source for determining the Prime Rate shall be selected by Lender in its sole discretion"

4. This Note may be prepaid in whole or in part at any time without penalty. All payments on this Note shall be made in lawful money of the United States in same day funds.

5. This Note is the "Note" referred to in, and is entitled to the rights and benefits of, the Agreement, and evidences advances of the proceeds of the loan made by the Lender to the Borrower under the Agreement. Among other things, the Agreement provides for acceleration of the maturity of this Note upon the happening of certain stated events and may also contain additional provisions regarding voluntary and mandatory prepayments under certain conditions. This Note is secured by the trust deed executed by the Borrower in favor of the Lender pursuant to the Agreement and by any other collateral agreements referred to in the Agreement which purport to secure this Note.

6. This Note shall be governed by, and construed and enforced in accordance with, the laws of California.

"BORROWER:

McMILLIN-NTC LLC,
a Delaware limited liability company

By: McMILLIN MANAGEMENT SERVICES, L.P.,
a California limited partnership
Manager

By: CORKY McMILLIN CONSTRUCTION SERVICES, INC.,
a California corporation
General Partner

By: _____

Its: _____

By: _____

Its: _____

*Maureen O'Stey
904*

(R-2003-1264)

RESOLUTION NUMBER R- 298206

RECEIVED

ADOPTED ON JUL 15 2003

AUG 27 2003

COMMUNITY & ECONOMIC DEV
DEPARTMENT

A RESOLUTION OF THE COUNCIL OF THE CITY OF SAN DIEGO
MAKING CERTAIN FINDINGS WITH RESPECT TO FUNDING PUBLICLY
OWNED INFRASTRUCTURE IMPROVEMENTS IN THE NAVAL
TRAINING CENTER REDEVELOPMENT PROJECT AREA.

WHEREAS, the Redevelopment Agency of the City of San Diego [Agency] is engaged in activities necessary to carry out and implement the Redevelopment Plan for the Naval Training Center [NTC] Redevelopment Project Area [the Project Area]; and

WHEREAS, the Agency and McMillin-NTC, LLC [Master Developer], entered into a Disposition and Development Agreement [DDA] in June 2000 for the purposes of effectuating the Redevelopment Plan for the Naval Training Center Redevelopment Project, adopted by the City Council in May 1997, and the Naval Training Center Reuse Plan, adopted by the City Council in October 1998; and

WHEREAS, on May 7, 2002, the Agency by Resolution No. R-03466 approved a First Implementation Agreement to the DDA; and

WHEREAS, on June 4, 2002, the Agency by Resolution No. R-03480 approved a Second Implementation Agreement to the DDA; and

WHEREAS, in order to further implement the development under the DDA, the Agency and the Master Developer propose (pursuant to the terms and conditions of a proposed Third Implementation Agreement) to further amend the DDA to reimburse the Master Developer for costs of infrastructure improvements that are beyond the scope of the DDA and the NTC Reuse

Plan, among other things; NOW, THEREFORE,


BE IT RESOLVED, by the Council of the City of San Diego, as follows:

1. That the Council finds and determines that the publicly owned infrastructure improvements for which the Agency proposes to pay are of benefit to the Naval Training Center Redevelopment Project, that the Council finds and determines that no other reasonable means for financing the proposed publicly owned infrastructure improvements are available to the community, and that the Council finds and determines that the proposed publicly owned infrastructure improvements will assist in eliminating one or more blighting conditions inside the Project area, all as described in Attachment No.1.

2. That the Council finds and determines that the proposed publicly owned infrastructure improvements are consistent with the Implementation Plan adopted for the Project by the Agency pursuant to California Health and Safety Code section 33490, as described in Attachment No.1.

3. That the Council authorizes the City Clerk to deliver a copy of this resolution to the Executive Director and members of the Agency.

APPROVED: CASEY GWINN, City Attorney

By 
Elisa A. Cusato
Deputy City Attorney

EAC:smf

04/22/03

Or.Dept:Redev.

R-2003-1264

Redev: RA-2003-147, RA-2003-148, RA-2003-149, RA-2003-150

Council: R-2003-1265, R-2003-1266, R-2003-1267

ATTACHMENT NO. 1
FINDINGS

SUBJECT IMPROVEMENTS:

STORM DRAIN IMPROVEMENTS, POTABLE WATER LINES AND STREETLIGHTS –
NAVAL TRAINING CENTER REDEVELOPMENT PROJECT AREA

FINDINGS OF BENEFIT

The subject improvements for which the Redevelopment Agency of the City of San Diego (Agency) proposes to pay will benefit the Naval Training Center (NTC) Redevelopment Project Area or the immediate neighborhood in which the Project Area is located in that:

These improvements are within the NTC Redevelopment Project.

The improvements will enhance portions of the NTC Redevelopment Project area for the benefit of nearby users as well as residents.

The installation of storm drains, potable water lines and streetlights will correct adverse health and safety conditions.

The public improvements will act as a catalyst providing an incentive for private investment in the rehabilitation and new construction of the area.

NO OTHER REASONABLE MEANS OF FINANCING

There are no other reasonable means available to the community for financing the subject improvements for which the Agency proposes to pay in that:

City of San Diego

The Fiscal Year 2003 Budget for the City of San Diego (City) decreased 12.2%. The overall decrease resulted from the Ballpark Project Financing budgeted in the Capital Improvement Program (CIP) for Fiscal Year 2002. The other decreases included Special Revenue, Debt Service and Tax Funds while the General and Enterprise Funds increased. Over the last several years, as the City's CIP has grown and revenues have leveled off, the City has developed phase funding to use available cash and minimize the issuance of bond proceeds. This is a means whereby large projects may be budgeted and contracted for in an efficient manner that maximizes the City's use of available funds.

The City's capital improvement budget is funded primarily with water and sewer fees, developer impact fees, grant funds, enterprise fund revenues, Facility Benefit Assessment funds, Gas Tax and Transnet funds. The Fiscal Year 2003 CIP Budget decreased 45.3% from the Fiscal Year 2002 Budget. The Fiscal Year 2003 CIP Budget provides for the sewer upgrade of the City's

Metropolitan and Municipal Wastewater System, water projects, Parks and Recreation projects, library projects, transportation projects and special projects.

Most major tax revenue categories continue to show signs of growth. Moderate growth is anticipated for most Fiscal Year 2003 major revenues. The economic growth rates for major revenue categories are property tax (9.0%), sales tax (4%), Transient Occupancy Tax (6%) and Motor Vehicle License fees (4%).

The City's Fiscal Year 2003 CIP Budget is embodied in Volumes IV and V of the City's Budget. The Agency's Fiscal Year 2003 Program Budget was adopted on July 30, 2002. The CIP and the Agency's Budget were developed in accordance with City and Council Policy, and each project activity was evaluated and incorporated in the respective budgets. Projects are funded based on need and the availability of appropriate funding sources. The City's CIP Budget totals \$373.4 million, a decrease of \$309.3 million over Fiscal Year 2002.

Preliminary revenue forecasts for Fiscal Year 2004 suggest that the rate of growth of the City's primary sources of revenue is expected to be less than the Fiscal Year 2003. General Fund revenues are not expected to keep pace with General Fund expenditures. The threat of reductions from the State could further compound the need for deep decreases in the General Fund.

ELIMINATION OF BLIGHTING CONDITIONS

The payment of funds toward the cost of the construction and installation of the subject improvements will assist in the elimination of one or more blighting conditions inside the NTC Redevelopment Project Area, in that:

The improvements will replace infrastructure that does not meet existing adopted community infrastructure standards.

The improvements will eliminate factors that prevent or hinder the economically viable reuse of buildings or areas.

The decorative streetlights will improve, promote and preserve the positive neighborhood characteristics in the surrounding communities.

The improvements will enhance the environmental habitat of the project area.

The proposed improvements are consistent with the Implementation Plan adopted for the Project Area pursuant to Health and Safety Code Section 33490.

REDEVELOPMENT AGENCY OF
THE CITY OF SAN DIEGO
RESOLUTION NO. R-03657
ADOPTED ON JUL 15 2003

RESOLUTION OF THE REDEVELOPMENT AGENCY OF THE CITY OF SAN DIEGO APPROVING THE THIRD IMPLEMENTATION AGREEMENT BETWEEN THE REDEVELOPMENT AGENCY OF THE CITY OF SAN DIEGO AND MCMILLIN-NTC, LLC AND MAKING CERTAIN FINDINGS WITH RESPECT TO THE FUNDING OF PUBLICLY OWNED INFRASTRUCTURE IMPROVEMENTS.

WHEREAS, the Redevelopment Agency of the City of San Diego [Agency] is engaged in activities necessary to carry out and implement the Redevelopment Plan for the Naval Training Center [NTC] Redevelopment Project Area [the Project Area]; and

WHEREAS, the Agency and McMillin-NTC, LLC [Master Developer], entered into a Disposition and Development Agreement [DDA] in June 2000 for the purposes of effectuating the Redevelopment Plan for the Naval Training Center Redevelopment Project, adopted by the City Council in May 1997, and the Naval Training Center Reuse Plan, adopted by the City Council in October 1998; and

WHEREAS, on May 7, 2002, the Agency by Resolution No. R-03466 approved a First Implementation Agreement to the DDA; and

WHEREAS, on June 4, 2002, the Agency by Resolution No. R-03480 approved a Second Implementation Agreement to the DDA; and

WHEREAS, in order to further implement the development under the DDA, the Agency and the Master Developer propose (pursuant to the terms and conditions of a proposed Third Implementation Agreement) to further amend the DDA to reimburse the Master Developer for costs of infrastructure improvements that are beyond the scope of the DDA and the NTC Reuse

Plan, to incorporate into the DDA the Coastal Commission's modification to the NTC Precise Plan and Local Coastal Program, to make adjustments to accommodate High Tech High School's acquisition of property in the Education Area, to authorize an amendment to the Consent Agreement entered into by the Agency, the Master Developer and Construction Lending Corporation of America, and to authorize the construction of a temporary parking lot on the Camp Nimitz Hotel site; and

WHEREAS, the Master Developer has submitted to the Agency copies of the proposed Third Implementation Agreement in a form desired by the Master Developer; and

WHEREAS, the Agency has duly considered all of the terms and conditions of the proposed Third Implementation Agreement and believes that the conditions contained in the proposed Third Implementation Agreement are in the best interest of the City and the health, safety, morals and welfare of its residents, and in accord with the public purposes and provisions of applicable State and local law and requirements; NOW, THEREFORE,


BE IT RESOLVED, by the Redevelopment Agency of the City of San Diego, as follows:

1. That all the terms and conditions in the proposed Third Implementation Agreement are approved.
2. That the Executive Director of the Agency, or designee, is authorized to execute the Third Implementation Agreement with McMillin-NTC, LLC, for and on behalf of the Agency. A copy of the Third Implementation Agreement is on file in the office of the secretary to the Agency as Document No. D- 03657.
3. That the Executive Director of the Agency, or designee, is authorized, on behalf of the Agency, to sign all documents necessary and appropriate to carry out and implement the Third Implementation Agreement and to administer the Agency's obligations, responsibilities and duties to be performed under the Third Implementation Agreement.
4. That the Agency finds and determines that the publicly owned infrastructure improvements for which the Agency proposes to pay are of benefit to the Naval Training Center Redevelopment Project, that the Agency finds and determines that no other reasonable means for financing the proposed publicly owned infrastructure improvements are available to the community, and that the Agency finds and determines that the proposed publicly owned

infrastructure improvements will assist in eliminating one or more blighting conditions inside the Project area, all as described in Attachment No.1.

5. That the Agency finds and determines that the proposed publicly owned infrastructure improvements are consistent with the Implementation Plan adopted for the Project by the Agency pursuant to California Health and Safety Code section 33490, as described in Attachment No.1.

APPROVED: CASEY GWINN, General Counsel

By 
Elisa A. Cusato
Deputy General Counsel

EAC:smf

04/22/03

Or.Dept:Redev.

RA-2003-150

Redev: RA-2003-147, RA-2003-148, RA-2003-149

Council:R-2003-1264, R-2003-1265, R-2003-1266, R-2003-1267

ATTACHMENT NO. 1
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These improvements are within the NTC Redevelopment Project.

The improvements will enhance portions of the NTC Redevelopment Project area for the benefit of nearby users as well as residents.

The installation of storm drains, potable water lines and streetlights will correct adverse health and safety conditions.

The public improvements will act as a catalyst providing an incentive for private investment in the rehabilitation and new construction of the area.

NO OTHER REASONABLE MEANS OF FINANCING

There are no other reasonable means available to the community for financing the subject improvements for which the Agency proposes to pay in that:

City of San Diego

The Fiscal Year 2003 Budget for the City of San Diego (City) decreased 12.2%. The overall decrease resulted from the Ballpark Project Financing budgeted in the Capital Improvement Program (CIP) for Fiscal Year 2002. The other decreases included Special Revenue, Debt Service and Tax Funds while the General and Enterprise Funds increased. Over the last several years, as the City's CIP has grown and revenues have leveled off, the City has developed phase funding to use available cash and minimize the issuance of bond proceeds. This is a means whereby large projects may be budgeted and contracted for in an efficient manner that maximizes the City's use of available funds.

The City's capital improvement budget is funded primarily with water and sewer fees, developer impact fees, grant funds, enterprise fund revenues, Facility Benefit Assessment funds, Gas Tax and Transnet funds. The Fiscal Year 2003 CIP Budget decreased 45.3% from the Fiscal Year 2002 Budget. The Fiscal Year 2003 CIP Budget provides for the sewer upgrade of the City's

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The improvements will replace infrastructure that does not meet existing adopted community infrastructure standards.

The improvements will eliminate factors that prevent or hinder the economically viable reuse of buildings or areas.

The decorative streetlights will improve, promote and preserve the positive neighborhood characteristics in the surrounding communities.

The improvements will enhance the environmental habitat of the project area.

The proposed improvements are consistent with the Implementation Plan adopted for the Project Area pursuant to Health and Safety Code Section 33490.

Passed and adopted by The Redevelopment Agency of The City of San Diego JUL 15 2003
by the following vote:

Members	Yeas	Nays	Not Present	Ineligible
Scott Peters	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Michael Zucchet	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Toni Atkins	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Charles Lewis	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Brian Maienschein	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Donna Frye	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Jim Madaffer	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Ralph Inzunza	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Chair Murphy	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

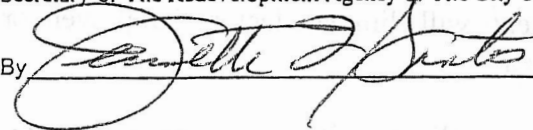
AUTHENTICATED BY:

DICK MURPHY

Chair of The Redevelopment Agency of The City of San Diego, California

CHARLES G. ABDELNOUR

Secretary of The Redevelopment Agency of The City of San Diego, California

By  Deputy

Office of The Redevelopment Agency, San Diego, California

Resolution
Number R-03657 Adopted JUL 15 2003